

AN ORDINANCE **98626**

APPROVING THE CONTINGENT ASSIGNMENT OF A TAX PHASE-IN AGREEMENT (PREVIOUSLY APPROVED ON FEBRUARY 8, 1996, BY ORDINANCE NO. 83580) BETWEEN THE CITY OF SAN ANTONIO AND SEVEN SEVENTEEN HB SAN ANTONIO CORPORATION, OWNER OF THE ADAM'S MARK HOTEL AND RELATED PROPERTY LOCATED AT SOLEDAD AND PECAN STREETS, TO THE ANTICIPATED NEW OWNER OF THE HOTEL, MSPA ACQUISITION II, L.P.

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WHEREAS, on February 8, 1996, City Council approved a Tax Phase-In Agreement (the "Agreement") with a special purpose entity, Seven Seventeen HB San Antonio Corporation (the "Seven Seventeen") which was created by its parent company, the HBE Corporation; and

WHEREAS, Seven Seventeen renovated, and now owns and operates, the Adam's Mark Hotel, the subject property of the Agreement, located at the corner of Soledad and Pecan streets; and

WHEREAS, Seven Seventeen has also invested over \$30 million in the facility and employs over 300 full-time employees; and

WHEREAS, Bexar County and the San Antonio Independent School District also granted tax abatements in support of the project; and

WHEREAS, on November 14, 2003, the Economic Development Department received a request for a contingent assignment of the Agreement, as provided in the contract, to an anticipated purchaser of the hotel, the MPSA Acquisition II, L.P., a joint venture between the affiliates of Morgan Stanley Real Estate Funds and Pyramid Advisors, L.L.C. that acquires and operates full-service hotels in the United States; and

WHEREAS, the closing on the transfer of the hotel property is expected to occur before year's end; and

WHEREAS, Seven Seventeen is in compliance with the existing Agreement, which expires on December 31, 2006 (except for recapture provisions that survive the Agreement Term, on a sliding scale, for an additional five years); and

WHEREAS, the Agreement provides that such assignments shall not be unreasonably withheld, but must receive prior City Council approval; **NOW THEREFORE:**

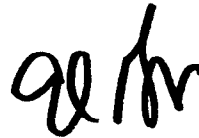
BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Council hereby approves the contingent assignment of the Tax Phase-In Agreement, previously approved on February 8, 1996 by Ordinance No. 83580, between the City of San Antonio and Seven Seventeen HB San Antonio Corporation to the anticipated new owner of the subject property, MSPA Acquisition II, L.P., a copy of which is attached hereto and incorporated herein as Attachment I.

SECTION 2. The City Manager or a designated representative is authorized, for a forty-five (45) day period from the effective date of this ordinance, to execute the contingent assignment.

SECTION 3. This ordinance shall be effective on and after the tenth (10th) day after passage hereof.

PASSED AND APPROVED this 18th day of December, 2003.



M A Y O R

ATTEST:  **EDWARD D. GARZA**
City Clerk

APPROVED AS TO FORM: _____


for City Attorney